



CALIFORNIA PUBLIC UTILITIES COMMISSION

BILL ANALYSIS

BILL SUMMARY

AB 2259 (Kehoe) Electrical restructuring: energy efficiency programs.
As Introduced February 20, 2002

Recommendation: SUPPORT if amended.

Summary: Article 15 of the Electrical Restructuring Chapter of the Public Utilities Act (PU Code Section 399.1 et seq.) a part of AB 1890 establishes a system benefits charge to support certain energy efficiency, renewable energy, research, development and demonstration programs.

This bill:

- 1) Limits its expenditures for administrative costs to 2.5 percent (2.5%) of the funds collected through the System Benefits charge.
- 2) Requires that any entity whose energy efficiency, renewable energy and research programs are funded through the System Benefits charge expend 85% of the fund allocated to it for "direct rebates, purchases, direct installations, by-downs, loans, or other incentives that will achieve a reduction in peak electricity demand and improvements in energy efficiency."

Analysis: According to the author's office, the purpose of the bill is to assure that utility ratepayer funds collected through the System Benefits charge are applied to programs and not to administrative overhead or other non-program purposes.

By limiting expenditures for non-program purposes, the author hopes to achieve maximum results for the expenditure of ratepayer provided money.

RECOMMENDATION AND SUPPORTING ARGUMENTS

SUPPORT IF AMENDED.

The stated intent of the bill that "every effort should be made to minimize the cost of administering [energy efficiency programs]" is an important statement policy and one which the commission has addressed in numerous proceedings. However, in establishing fixed numerical limits on administrative costs and direct program expenditures, the bill establishes rigid and arbitrary constraints on utilization of System Benefit charges that may be counter productive in achieving the overall purpose of achieving the greatest conservation and energy efficiency effect.

Summary of Suggested Amendments

The author should eliminate the quantitative requirements of 2.5% of administrative costs and 85% for program cost, while codifying the uncoded intent section that states the policy objectives.

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AB 2259 - PROPOSED AMENDMENT

SECTION 1. Section 399.10 is added to the Public Utilities Code, to read:

399.10. The Legislature finds and declares the following:

(a) Using energy more efficiently is in the best interest of the state.

(b) The use of the system benefits charge, a separate rate component collected from customers of electrical corporations pursuant to Section 399.8 of the Public Utilities Code is a means of providing funding for cost-effective energy efficiency and conservation activities.

(c) In order to maximize the energy savings from activities funded by the system benefits charge, every effort should be made to minimize the cost of administering this program.

SEC. 2. No reimbursement is required by this act pursuant to Section 6 of Article XIIIIB of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIIIIB of the California Constitution.